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## NOTES

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### PAINLESS SOCIALIZATION IN HOLLAND

Some time ago the Social Democratic Labor Party of Holland, actuated by the sense of a change imminent in the economic life of Europe, appointed a commission to study the problem of industrial socialization in all its practical bearings in Holland proper. This commission presented the result of its researches and deliberation on April 6, 1920.

After a brief review of the wastefulness inherent in the present capitalistic régime, the growing restlessness and sense of class-feeling in the ranks of the toiling masses, the report recommends a general policy of state socialization by slow degrees, the process beginning at the point where "waste in production can be prevented through the concerted organization of productive forces." Production would be enhanced and its effective organization saved for the community when costly competition, the production of unnecessary luxuries, and profit-taking by middlemen are eliminated. The middle classes, as well as the workers, the report declares, would like to see production carried on for the benefit of consumers, and not for the enrichment of the few. Throughout, the report maintains the view that socialization must be carried out as a socio-technical necessity, for the benefits of the whole community, and not the workers alone, and that all classes, including the state, should be proportionately represented on the directive boards of the various industries.

The problem of socialization is defined as "the methodical transfer of all production to the control of the community, signifying the completion of the transition from capitalism to socialism." Among the industries considered ripe for socialization are all capitalistic monopolies in which the process of concentration has given great powers of ownership and control to a handful of men, such as the coal-mining industry, the system of transportation, the supply of electric energy, and the industries supplying the primary necessities of life in food, shelter, and raiment. In these essential industries competitive production must be eliminated, the capital invested in unnecessary undertakings transferred to more productive uses, and the producers and the consumers brought in closest

contact. All primary industries must be socialized first, together with all those in which competition with its practices of adulteration, restriction of output, price inflation, etc, has become extremely injurious to the community as a whole. Generally speaking, the condition of ripeness for socialization is determined by the degree of industrial development and financial concentration, and, secondly, by the extent to which state control and supervision may be advantageously applied. The commission is careful to point out the dangers lurking in wholesale socialization, especially in industries which cannot as yet be described as monopolistic. Where immediate socialization is inexpedient, the commission advocates the establishment of competing, price-regulating concerns by the state, which would tend to diminish private profit-taking by keeping commodity price-levels low; it is believed that this partial method of socialization will hasten the day of complete socialization, while at the same time it will educate and keep at the disposal of the state a staff of experts and managers able to insure a continuance of production when the moment for socialization arrives. As a transitional measure the commission advocates the granting of state assistance to retail co-operative societies by furnishing them with capital and intrusting them with the work of distribution of the products of socialized industries to the community at large.

The problem of compensation of dispossessed owners is not ignored. The community cannot afford to see its industrial experts and managers withdraw in protest or disorganize those industries which are to be left temporarily in private hands. The compensation, whether established by the actual value of the property, the market value of its shares, or some other means, must in principle be high enough to maintain production at the plants and shops undisturbed, but, on the other hand it should not aim to make good the loss of future profits, or the loss of values enhanced by causes lying outside the ability and control of the owners. The commission urges the expropriation of real estate, including the canceling of all existing concessions in land, and the compulsory purchase of contract rights. The expropriation fund for the compensation of former owners of socialized industry should be obtained by the state chiefly by a levy on property and by death duties.

In the general field of organization of socialized industry the commission approved national, provincial, or local forms of management, according to the scope and importance of the particular industry. But under no circumstances must these industries become the specific property of those immediately and directly engaged in them. The

community—local, provincial, or national—is the true owner; the consumer, not the worker. The industrial units should furthermore be free from all political partisan interference and influence, but should be constituted “as autonomous public bodies, in connection with which political representative bodies will have the power of supreme general control, and the state the right of veto as regards decisions of radical importance.” The jurisdiction of political bodies means control and inspection, but not interference in the work of actual management. That should be delegated to the council of directors, made up directly of various groups of workers and the community. The management should enjoy full freedom of initiative and responsibility. Besides that, the employees organized in group or personnel councils, whose members are to be nominated for election by the trade unions, are to have a direct and determining influence in factory and shop management, especially in everything relating to conditions of work, rates of payment, promotion, etc., thus bringing together the managers and the trade unions in the interests of their particular industrial enterprise. The power of absentee capitalistic ownership and the influence of politics are thus believed to be equally eliminated from production. A permanent court of arbitration is also provided intended to secure and safeguard by legal means the rights of individual workers against arbitrary action on the part of the management.

The commission also approves the establishment of a national economic council, comprising representatives of the managers of the various industries, workers' councils, trade unions, members of Parliament, with the Minister of Industry acting as the ex-officio president, whose principal functions would be to bring order and uniformity in the management of socialized concerns, to secure the equality of working conditions the country over, to stimulate and to further progress in the arts and sciences of production, to direct the general methods of distribution of commodities, to prepare the way for the socialization of other industries from time to time, etc.

But the bulk of the report is given over to an examination of individual industries and the outlook for their immediate, partial, or deferred socialization. The report covers practically every industry and occupation of the little country of Holland. It is only possible to present in a brief article the outstanding characteristics of this portion of the report, omitting details as well as whole industries. The document is practical if anything, as though the commission expected the work of socialization to begin on the morrow, and was chiefly anxious to avoid the slightest

break in or interference with the productive processes, to secure a social revolution without pain or even discomfort to the community. In fact, there are lacking the usual phrases about an impending social cataclysm. No anathemas are directed at bourgeois imperialism, no appeals to the proletariat. No dictatorship, only socialization—when expedient, necessary, possible—with compensation to former owners.

A few examples will suffice. Thus, the report declares, “the socialization of bread-making is a necessity, because private management leads to immeasurable waste of working energy, with the result that bread is dearer than it should be.” The state is urged to establish flour mills and bakeries, a bread council to supervise production and distribution of bread; but the making of cakes and other delicacies should be permitted to remain under private control. In the matter of milk, butter, and cheese, which are produced on innumerable small farms, state ownership would be impractical, but the state should establish a “purchasing monopoly” directing producers to deliver their dairy produce to none except those appointed by the state. This would enable the latter to control prices and distribution, though “the farmers would have to be given a certain voice in price fixing.” Later, in the fulness of time, the state will socialize the centralized cheese and butter factories.

Socialization must of necessity be gradual in the textile industry. Thus the first step in socializing the cotton goods industry would consist in contracting with certain mills for the delivery of a large quantity of fabrics to local communities, there to be made up into clothing, household cotton furnishings, etc., and sold directly to the consumers. The middleman is thus at once eliminated. A state monopoly could also be easily established for the purchase of home-grown wool, since this work is already being carried on by associations; this partial control of the raw material will enable the state to assume control over the strongly centralized worsted, hosiery, blanket, and tricot factories. In footwear, the state should take over and improve the largest factories, and eliminate the weak and the poorly equipped shops; it should at the same time nationalize the import trade in hides and socialize the tanneries.

Good examples of regional allocation are presented in the cases of fuel production and the general retail trade. The commission recommends that the coal industry and the coal import trade, including the production of electric energy, should be a national concern. The distribution of electric current, however, should be intrusted to the provincial and local authorities. The retail trade is clearly a local affair,

and the commission, in view of the complicated and variable character of retail trading, is inclined to believe that its complete socialization is inexpedient for the present. But the commission proposes to curtail and to control prices by extending state and local aid to the co-operative distributive societies and by helping to place their organization on a nation-wide economic basis.

An interesting section of this report deals with the manner of socializing agricultural land. The idea of agricultural co-operation is well entrenched in Holland, including the co-operative marketing and transportation of farm produce. Holland also is acquainted with the growing phenomenon of an increasing class of farm tenants, capitalistic land concentration with the incomplete utilization of available productive land areas. It has been noticed that while farm values have risen, the working costs have also increased, and that the tendency among farm owners is to decrease expenditures by turning whole fields to pasture or turning farm hands off the land. Socialization of land, says the report, will relieve the farm tenant of the sense of insecurity, and allow the community to profit by the most complete and efficient utilization of available farm land. Nationalization should proceed gradually, first, by taking over unused land, the productivity of which could be increased by drainage, clearance, and parceling out; second, by expropriation of leased, unproductive, badly managed farms, and farms changing ownership, as in case of the owner's death. The community may lease out small farms to individuals, but it should itself run the large tracts of land under salaried managers.

One of the largest problems, next to land, is the management of transportation. The Dutch socialists would place the railway, light railway, and tramway systems under national, provincial, and local control, respectively. Inland canal and river shipping should be gradually brought under national control, as well as the Dutch portion of the Rhine traffic. The country's high seas tonnage should be nationalized at once. Ocean shipping has been a source of large unearned profits to its owners, especially the carrying of emigrants under inhuman conditions. The commission candidly admits that the important part played by foreign shipping, competition in freight rates, the cost of maintaining the uncertain business of tramp lines, and the duty devolving upon the state to improve the emigrant service would make shipping costly to run, but it is nevertheless optimistic as to the ultimate result. It confidently declares that "there is no valid reason to believe that a state organization well managed and free from red tape should fail where private concerns have proved successful."

Optimism underlies every page of this serious, restrained, practical report. The Dutch socialist is not excited by the impending social revolution; indeed, he stubbornly refuses to see things red. His mind is not ablaze with a new declaration of human rights and liberties. He sees socialization as a business affair, as a necessary change in industrial management, as the creation of a new board of directors, which everybody will cheerfully accept—in Holland at least. The thought of a social war or class struggle does not darken the Dutch mind. A dictatorship by workers only is presumably unthinkable to the commission—not thinkable in safe, comfort-loving, conservative Holland, at least. The change is assumed to be necessary, practical, inevitable, and its coming could be understood by business interests, capitalists, managers, and orthodox socialists alike. Who would then want to oppose or delay it? The commission of the Social Democratic Labor Party of Holland sees no enemies. It believes therefore, that it has solved the problem of socialization (revolution, they call it in less fortunate countries) as a matter of expediency, practical application, and details.

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